



Illinois Department of Transportation

2300 South Dirksen Parkway / Springfield, Illinois / 62764

Subject:
Operational Review of
Contract Quantities

CONSTRUCTION MEMORANDUM 97-33

Effective August 1, 1997

Expires Indefinite

PURPOSE

This memorandum prescribes procedures for conducting internal auditing and review of support documentation of contract quantities by District and Central Office Bureau of Construction personnel.

APPLICABILITY

Procedures herein apply to all contracts awarded by the Department of Transportation under Bureau of Construction supervision.

REFERENCES

1. [Documentation](#) section of the Construction Manual
2. Contract Special Provisions
3. [Standard Specifications for Road and Bridge Construction](#)
4. [Supplemental Specifications and Recurring Special Provisions](#)
5. Pertinent [Construction Memorandums](#)
6. [Project Procedures Guide](#)

RESPONSIBILITIES

Each District is responsible for conducting both "Progress" and "Final" Documentation reviews. Central Bureau of Construction "Project Review Engineers" and "Documentation Engineers" examine randomly selected contracts for both Progress and Final Documentation.

PROGRESS DOCUMENTATION REVIEWS

Each District must perform a minimum of 28 Progress Documentation Reviews each year. These reviews should be performed at various times throughout the year.

The Documentation section of the Construction Manual provides for the minimum documentation requirements. The following section on Progress Documentation guidelines shall be followed. (As an aid in completing Progress reviews, Form [BC 1013](#),

"Progress Documentation Review" must be used (Exhibit I). Enter appropriate notations on the form, if necessary, citing the deficiencies.)

Guidelines for Progress Reviews are:

- a. Select one item from each contract "unit of measure" category for review where work has been performed and in addition all pay items which equal or exceed 10% of the current contract value.
- b. When the contract has had a "Material Allowance" added, a sample of the Material Allowance should be reviewed for compliance with Article 109.07.
- c. Sampling should be carried out so as to avoid a standard pattern by altering choices of contract items from one contract to another, as well as varying from larger quantities to smaller, and vice versa.
- d. Major deficiencies of a nature requiring sample expansion will call for examining two or more like units of measure for adequacy. The reviewer's supervisor is to be advised of any pattern of deficiency for corrective action. This is to be noted on review sheets. Residents are to address all noted major deficiencies within 30 days and notify, by memo, the Implementation Engineer and the Construction Engineer how the deficiency has been corrected.
- e. Sampled items should be examined to assure proper "Method of Measurement" in accordance with the above References.
- f. Inadequately supported quantities must have deficiencies resolved. Adequate explanation is to be provided for those items not supported in accordance with the above References.
- g. Distribution of reviews shall be as follows:
 1. Resident
 2. Field Engineer
 3. Documentation Reviewer's Supervisor
- h. All reviews shall be retained as follows:
 1. Project records (with Resident)
 2. District Office
 3. Documentation Reviewer

SCOPE OF REVIEW

The reviewer should indicate steps utilized to review the process for supporting documentation of progress pay estimates. The review should consist of a thorough check of the documentation to support at least one pay item entry. If discrepancies

are discovered, the reviews of that pay item should be expanded to determine the extent of the deficiency.

FINAL DOCUMENTATION REVIEWS

1. Final Documentation reviews are required for each completed contract. Review guidelines are:
 - a. Select one item from each contract "Unit of Measure" category for review. (Exclude "Each" and "Lump Sum").
 - b. When the contract has had "Extra Work" added, sampling should also include both "Agreed Unit Price" items and "Force Account" bills, as applicable. Except for unit price verification, documentation checks of "Agreed Unit Price" items may be waived if a like measurement item has been previously selected and reviewed.
 - c. Sampling should be carried out so as to avoid a standard pattern by altering choices of contract items from one contract to another, as well as varying from larger quantities to smaller, and vice versa.
 - d. Sampled items should be examined to assure proper "Method of Measurement" in accordance with the above References.
 - e. During Final Review examination, also verify the correction of earlier Progress Documentation deficiencies. Items not corrected should be added to list of randomly selected pay items and treated as in "f" below.
 - f. Inadequately supported quantities must have deficiencies resolved. Adequate explanation is to be provided for those items not supported in accordance with the above References.
 - g. Major deficiencies of a nature requiring sample expansion will call for examining two or more like units of measure for adequacy. The reviewer's supervisor is to be advised of any pattern of deficiency for corrective action. This is to be noted on review sheets.
 - h. Form [BC 111](#) is then to be completed. Reviewer's name and review date are to be entered. (Exhibit II).
 - i. The name of the [BC 111](#) reviewer and date of review completion is to be entered on the "Resident's Pay Estimate Report-Line Item Detail Report of completed Work-In-Place," on the final payment estimate in accordance with Exhibit III. The review date will be entered as the "Final Review Date" into the BCM System in Springfield.
2. The reviewer should prepare and retain for the contract files a work sheet covering each contract item selected. A suggested three part form should include:
 - a. Heading - Contract description, Quantity Book page number, contract item, unit of measure, plan and final pay quantity, date, and reviewer's signature.

- b. Scope of Review - The reviewer should indicate what steps were taken in verifying the contract item. Calculations which were checked, identified calculator or adding machine tapes made and any other identified checks which were used in verifying the final quantity should be attached to or shown on the work sheets. The review trail should consist of items such as the Quantity Book cross reference notes, field book number and page number, inspector's daily report, weight tickets verified, calculations verified, etc.
- c. Conclusion - When the pay item is found to be acceptably documented, the reviewer should state his conclusion on the work sheet; e.g. "The final quantity is considered adequately documented," or "based on the sample selected, the documentation for the pay quantity is considered satisfactory," or any similar statement.

RECORDS DISPOSAL

Application No. 89-62, approved February 21, 1990 by the State Records Commission provides:

1. Federal Aid Projects - District Construction files are to be retained for three years after submission of final voucher for Federal reimbursement. Files may then be destroyed providing all required audits under the State Auditor General, and the Bureau of Accounting and Auditing, Audit Section have been completed, and providing there is no anticipated or pending litigation. The Office of Finance and Administration, Bureau of Administrative and Facility Services, Records Unit, must be notified of the intent to dispose of project records on Form AR D-66.2 "Records Disposal Certificate". Approval is required before records may be disposed.
2. The Bureau of Accounting and Auditing, Project Control Section will periodically notify Districts when FA Projects may be closed out.
3. Non FA Contract records are to be maintained for three years after the final payment has been made to contractor. Files may then be destroyed providing all required audits under the State Auditor General and the Audit Section have been completed, and providing there is no anticipated or pending litigation. The Office of Finance and Administration, Bureau of Administrative and Facility Services, Records and Supply Unit, must be notified of the intent to dispose of project records on Form AR D-66.2 "Records Disposal Certificate". Approval is required before records may be disposed of.

AUDIT REVIEWS

The Bureau of Accounting and Auditing, Audit Section has responsibility for audit and fiscal appraisals of the Department's operation. Audit Section auditors conduct periodic reviews on a selective basis both at the jobsite and the District office to evaluate the reliability of procedures. All significant findings are summarized and presented to construction personnel through the audit reporting process with follow-up reviews made to evaluate the appropriateness of corrective action taken by District and Central Office construction personnel. Acceptability of a District's completed

contracts will be based on procedures used by the District in arriving at final quantities.

When the IDOT auditors have completed their selective review and all corrective actions have been taken, all projects included within the scope of the review are considered as audited. A project is considered within the scope of the review if the [BC 107](#) date, from the "Final Acceptance of Improvement" form, falls within the coverage period identified on the audit report presented to the District.

A handwritten signature in black ink that reads "Gary Gould". The signature is written in a cursive style with a large, stylized 'G' and 'H'.

Gary Gould
Engineer of Construction

Attach.

BCMS004:DTG022RA:BCMR0RA 03/08/96 19:21:53		ILLINOIS DEPARTMENT OF TRANSPORTATION BUREAU OF CONSTRUCTION - DIVISION OF HIGHWAYS		96	PAGE: 41	
ROUTE: FAS 43		RESIDENT'S PAY ESTIMATE REPORT		CONTRACT: 02-011		
SECTION: 94- -00-RS		LINE ITEM DETAIL OF COMPLETED WORK-IN-PLACE		DIST/CNTY: 02-011		
STATE JOB: C-92- -93		ESTIMATE NUMBER 12		CONTRACTOR:		
FROM DATE: 02/29/1996						
TO DATE: 02/29/1996						
SUBJOB: FAS-ID: 330001		FINAL				
PAY ITEM NUMBER	QUANTITY AWARDED	ADDED BY AUTHORIZATION	DEDUCTED BY AUTHORIZATION	ADJUSTED TOTAL CONTRACT VALUE	COMPLETED AT LAST REPORT	COMPLETED TO DATE (ENTER IF CHANGED FROM LAST REPORT)
60604400	392.000	20.000		412.000	412.000 ✓	
60625600	15.000	6.200		21.200	21.200 ✓	
61139900	76.000	28.000		104.000	104.000 ✓	
61140200	1,108.000	1,575.000	538.000	2,145.000	2,145.000 ✓	
61140400	145.000	4.000		149.000	149.000 ✓	
66500105	850.000	75.000	65.000	860.000	860.000 ✓	
66600105	52.000	1.000		53.000	53.000 ✓	
90103700	1.000			1.000	1.000 ✓	
90103815	10.000			10.000	10.000 ✓	
90301900	740.000		740.000			✓
FRC0040A		2,045.570		2,045.570	2,045.570 ✓	
X9200200		449.000		449.000	395.000 ✓	
X920040A		2,081.000		2,081.000	2,081.000 ✓	
X920040B		180.000		180.000	180.000 ✓	
X920040C		495.000		495.000	495.000 ✓	
X920040D		60.000		60.000	60.000 ✓	
X920040E		323.800		323.800	323.800 ✓	
X9200500						5.00

FINAL REVIEW COMPLETED BY Cynthia Bennett on 7-24-96			
TIME LIMIT: 100 WD	RESIDENT: Paul Richardson	DIST. ENGINEER: W.D. Ottavio	
TIME USED: 92.50	DATE PREPARED: 10/1/96	DATE MAILED: 10/31/96	